

Nathan & Michelle McHone
Herbalife International Independent Distributors

June 29, 2006

Dear Sir or Madam:

We are writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. We believe that in its present form, it could prevent us from continuing as a Herbalife International Independent Distributors. We understand that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices," yet some of the sections in the proposed rule will make it very difficult, if not impossible, for us to sell Herbalife products.

We have been a Herbalife International Independent Distributors for more than 4 years. Originally, we became independent distributors in our company because we felt the products were exceptional and we needed to earn some additional income, as we were not able to keep up with our bills and were in serious financial distress. And now, we have been able to create an additional income through our direct selling business and now don't have so many worries financially. The future of our family is completely dependent on the stability of the direct selling industry.

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new distributors. Herbalife International's sales kit only costs \$85. People buy TVs, cars, and other items that cost much more and they do not have to wait seven days. This waiting period gives the impression that there might be something wrong with the company or the compensation plan. We also think this seven-day waiting period is unnecessary, because Herbalife International already has a 90% buyback policy for all products including sales kits purchased by a salesperson within the last twelve months. Under this waiting period requirement, we will need to keep very detailed records when we first speak to someone about Herbalife International and will then need to send in many reports to our company headquarters.

The proposed rule also calls for the release of **any** information regarding lawsuits involving misrepresentation, or unfair or deceptive practices. It does not matter if the company was found innocent. Today, anyone or any company can be sued for almost anything. It does not make sense to us that we would have to disclose these lawsuits unless Herbalife International is found guilty. Otherwise, Herbalife International and we are put at an unfair advantage even though Herbalife International has done **nothing** wrong.

Finally, the proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. We are glad to provide references, but in this day of identity theft, we are very uncomfortable giving out the personal information of individuals (without their approval) to strangers. Also, giving away this information could damage the business relationship of the references who may be involved in other companies or businesses including those of competitors. In order to get the list of the 10 prior purchasers, we will need to send the address of the prospective purchaser to Herbalife International

headquarters and then wait for the list. We also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a salesperson - "If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers." People are very concerned about their privacy and identity theft. They will be reluctant to share their personal information with individuals they may have never met.

We appreciate the work that the FTC does to protect consumers, yet we believe this proposed new rule has many unintended consequences and there are less burdensome alternatives available to achieving your goals.

Thank you for your time in considering my comments.

Respectfully,

Nathan & Michelle McHone